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SUMMARY RECORD OF THE 28th MEETING

Chairman: Mr. VILCHEZ ASHER (Nicaragua)

later: Mr. ABELIAN (Armenia)
(Vice-Chairman)

Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. MSELLE

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The meeting was called to order at 3.10 p.m.

AGENDA ITEM 121: UNITED NATIONS COMMON SYSTEM (A/50/30 and Corr.1; A/C.5/50/5, A/C.5/50/11, A/C.5/50/23, A/C.5/50/24 and Corr.1 and A/C.5/50/29)

1. The SECRETARY-GENERAL, speaking also as Chairman of the Administrative Committee on Coordination (ACC), drew attention to the statement on the United Nations common system adopted by ACC at its most recent meeting (A/C.5/50/11).

2. Five weeks previously, when presenting his proposed programme budget for the biennium 1996-1997, he had reiterated his firm commitment to reform and to the further improvement of the effectiveness and efficiency of the Organization. He had stressed that the measures to streamline and rationalize the management of the Secretariat reflected in the budget submission should be considered as an integral part of the reform effort. The issues before the Committee under the item under consideration should also be seen as part of a wider reform process which was engaging all the organizations of the common system in different ways.

3. At a time of rapid change, the organizations of the United Nations system were being called upon to respond to new challenges and new mandates. A renewed effort at enhancing cost-effectiveness, improving administrative efficiency, strengthening accountability and eliminating duplication and waste was under way in all parts of the system. There was a renewed commitment throughout the system to enhancing the collective impact of programmes through an improved division of labour that encouraged each organization to focus on its comparative advantage.

4. At a meeting of ACC held the previous month in New York, all the Executive Heads of the organizations of the United Nations system had expressed deep awareness of the need for improved performance management and increased productivity at a time of increasing demands and scarce financial resources. At the same time, they had concluded, from the perspectives of their various organizations, that action to address the declining competitiveness of the conditions of service of staff in the common system was essential for the full achievement of those objectives. Whatever their field of activity - telecommunications, atomic energy, patent law, education, agriculture, health, aviation, postal services or trade - the shared concern of the organizations of the common system was loss of competitiveness in relation to other international organizations and national civil services. The success of the reform effort and the ability of the system to deliver with ever greater effectiveness the programmes mandated by Member States depended on the performance of the staff. The system must be able to attract and retain staff of the highest calibre. To do so, it must have competitive conditions of service. By taking action on conditions of service within the common system, the General Assembly had a unique opportunity to advance the overall reform effort.

5. In view of its key role in the process of determining conditions of service in the common system, the International Civil Service Commission (ICSC) had a crucial contribution to make to that effort. The organizations of the common system were aware of the Commission's responsibilities in that regard and had strongly supported its work. The improvement of conditions of service could not

be separated from the general issue of the capacity of the system to respond to changing international priorities. The Commission's work should be directed towards helping the system in the difficult process of managing change.

6. In the course of the previous three years, the General Assembly had repeatedly asked the Commission to study all aspects of the application of the Noblemaire principle, which was the basis for the remuneration of the international Professional staff of the common system. ACC very much regretted the Commission's delay in responding to the repeated requests of the General Assembly. The salary measures proposed by ICSC, although very late and not sufficient to make the United Nations common system truly competitive, were welcomed by ACC as a first, urgently needed, step towards restoring competitiveness.

7. His ACC colleagues joined him in urging the Fifth Committee to adopt the recommendations of ICSC, which would raise the remuneration levels of the international staff and bring the current margin to the mid-point of its range, in accordance with the methodologies established by the Committee. They also requested the Fifth Committee to endorse the recommendations of the Commission concerning the restructuring of the salary scale in order to correct existing imbalances vis-à-vis the national civil service that currently served as comparator.

8. He was keenly aware of the critical financial issues facing the United Nations itself which were before the current session of the General Assembly. He stressed, however, that the Assembly had system-wide responsibilities with regard to conditions of service that could not and should not be overshadowed by other considerations. Indeed, it was crucial to address current uncertainties concerning not only predictable financing but also conditions of service in order to ensure the long-term viability of the Organization and of the system as a whole.

9. The Executive Heads would naturally have to exercise the necessary management flexibility, in close consultation with their governing bodies, to accommodate the cost requirements of a competitive remuneration system in the light of prevailing situations.

10. The adoption of the measures recommended by ICSC was the immediate priority. At the same time, progress needed to be accelerated in putting in place a long-term strategy which would ensure that conditions of service in the common system fully reflected the realities of the contemporary global labour market.

11. When the Noblemaire principle had been formulated in 1921 for the League of Nations, no other global institutions had existed. There was no need to illustrate the sea change that the international scene had undergone since then. Moreover, the pace of change continued to accelerate. The Bretton Woods institutions and a growing number of international and regional institutions were increasingly competing with the United Nations and the other organizations of the common system for qualified staff. Making the remuneration of staff in the common system competitive was necessary not only in the interests of equity;

it was also important to preserve the unity of the system and the principle of universality.

12. The Fifth Committee was well aware of the crisis of confidence that had been developing in the system with regard to the functioning of ICSC. Both staff associations had decided to suspend their participation in the work of the Commission. The General Assembly itself had urged the Commission, the organizations and the staff to review ways of improving the Commission's consultative process. Some new procedures had been adopted by the Commission and were to be welcomed. However, he shared the view of his colleagues in ACC that those procedures did not meet their central concern, which was to receive proposals for initiatives and solutions that could truly help them to manage change. ACC considered that those objectives could be achieved without changing the Statute of ICSC and without affecting the General Assembly's authority to select the membership of the Commission. ACC would urge that search mechanisms should be put in place to identify the best qualified candidates with the most suitable technical skills and managerial experience for service in ICSC. In the same context, ACC recommended that organizations and staff should be given the opportunity to propose a small number of candidates for service in the Commission. ACC also considered that the terms of appointment of Commission members should be limited to two terms of four years each and that the gender balance should be improved.

13. The times were very challenging for the common system. The tasks before the Fifth Committee were complex and there were conflicting priorities to be reconciled. There was, however, an overriding priority shared by the Executive Heads and Member States: to ensure that the United Nations system had the means - both human and financial - to meet the challenges ahead. In the same context, it was important to preserve the unity of the system and the position of the United Nations within the system. Concerns, not only in the secretariats but also in some of the governing bodies, that the central United Nations intergovernmental bodies were not entirely responsive to changing requirements must be addressed. The adoption by the General Assembly at its current session of the measures recommended by ICSC, together with action to revise the application of the Noblemaire principle and to reinforce the capacity and contribution of ICSC, were essential.

14. In conclusion, he said that further progress towards the creation of a leaner, more efficient United Nations would not be possible until and unless the financial stability of the Organization was restored. Outstanding contributions currently amounted to $2.8 billion. It was absolutely critical that payments should be made by those Member States with outstanding contributions. The success of the overall reform effort rested on the long-term solution to the financial crisis. He was confident that the Fifth Committee would rise to the challenges before it.

15. Mr. BEL HADJ AMOR (Chairman of the International Civil Service Commission) said that ICSC was different from the other organs of the United Nations system. As a common system body, virtually everything it did applied not only to the United Nations itself but to a system encompassing 5 bodies and programmes affiliated to the United Nations and 14 other organizations. The mandates, structures, operations and needs of the members of the common system were quite

varied. Some organizations were relatively new, while others had been in existence since the nineteenth century. The mandates of some were growing, while others were shrinking. Some were primarily standard-setting or research-oriented, while others had operational networks in scores of developing countries. Such diversity made the concept of a "common system" both crucial and sensitive. Cogent reasons for its existence included the need for equity in conditions of service, and avoidance of competition in the recruitment of personnel. Member States had consistently underlined the importance of the common system in resolutions adopted year after year. However, all those concerned, and none more so than the Commission itself, recognized the need for a degree of flexibility. ICSC had been established by the General Assembly 20 years previously in a bid to strike a balance between regulation and coordination, on the one hand, and responsiveness and flexibility, on the other. It continued to represent a unique, ground-breaking concept: not only did it cover the entire common system, it also involved the constituent organizations and staff in its work. It was a body composed of independent and impartial technical experts, catering to no constituency but listening to all, and accountable to the system as a whole.

16. Introducing the Commission's report (A/50/30 and Corr.1), he stressed that it applied to the common system as a whole, that it had taken into consideration the viewpoints of the various interlocutors, and that it was the work of an independent technical body.

17. ICSC had completed its study of all aspects of the application of the Noblemaire principle, as mandated by General Assembly resolution 47/216. Under that heading, it had combined a series of related General Assembly requests regarding Professional remuneration concerns: the operation of the United States Federal Employees' Pay Comparability Act (FEPCA); margin management; United States special pay systems; the use of periodic checks to identify the highest-paid national civil service, and the correction of structural imbalances in the salary scale. The complex of studies had spanned more than two years, an interim report having been submitted the previous year.

18. The Commission had underlined the need to distinguish between the Noblemaire principle itself and its application. The principle had been subject to differing interpretations over the years, but was commonly accepted as requiring that the conditions of service of international staff should be such as to attract staff from the country with the highest pay levels, which meant, for the United Nations system, pay levels in the public sector, and specifically in the national civil service. In terms of the application of the principle, therefore, the practice had been to reference United Nations system salaries to those of the highest-paid national civil service.

19. The Commission had concluded from a reappraisal of the principle and its application that the Noblemaire principle continued to be applicable and that the "best-paid national civil service" formula, combined with a reference check with international organizations, appeared to be sound, provided that the process was handled in a timely manner and the margin range realistically reflected comparator expatriation benefits and resulted in a competitive remuneration package. The General Assembly might wish to consider reconfirming

the continued applicability of the Noblemaire principle under those circumstances.

20. In examining the application of the Noblemaire principle, the Commission had undertaken equivalency and total compensation comparison studies with two potential comparator civil services: Germany and Switzerland. In the case of the current comparator (the United States), it had updated the grade equivalencies and reviewed the comparison methodology. In addition, it had made reference checks with two international organizations: the World Bank and the Organisation for Economic Cooperation and Development (OECD). The results of those studies showed that the German civil service offered conditions superior to those of the current comparator and there was a strong presumption in favour of changing the comparator. In view of the technical difficulties raised by the German authorities regarding comparisons with the potential comparator (A/50/30, paras. 157-161), the Commission had not considered that the requisite conditions for a change of comparator were currently in place. It had none the less decided to continue to monitor the total compensation of the German civil service. It had also recognized that the superior conditions of that civil service could be considered as a reference point for margin management.

21. The Commission had then reviewed the issue of margin management. The margin currently stood at 105.7, which was more than four points below the bottom of the range established by the Assembly 10 years previously. In order to bring the margin to the desirable mid-point of 115, ICSC recommended that net remuneration should be increased by about 9.2 per cent. It was not, however, calling for an across-the-board increase because the General Assembly had requested ICSC to address the imbalances that had developed over time within the structure of the Professional salary scale. The Commission also recommended that the increase should be applied in two stages and in two different ways: that on 1 March 1996, the base/floor salary should be increased by an average of 4.1 per cent with approximately 1 per cent of that amount being used to address structural imbalances in the salary scale; and that on 1 July 1996, the second part of the increase - approximately 5.1 per cent - should be put into effect by scaling forward post adjustment indices. The combination of the two increases was estimated to result in a margin of around 115 for 1996.

22. With regard to the March increase, no staff member at any level would receive less than the 3.1 per cent resulting from the base/floor salary adjustment procedure and, although larger increases were proposed at the senior levels to rectify imbalances that had accumulated over the years, remuneration ratios would still be higher at the lower levels, as could be seen from paragraph 222 of the report.

23. With regard to margin levels, the current level of the margin resulted from a series of updated measurements and from methodological decisions taken on their own merits. It was important to note, in that connection, that in 1990 the United States had enacted legislation designed to bridge the gap of some 30 per cent that existed between its federal and non-federal sectors, a move that had been widely expected to reduce the number of special pay rates in the United States federal civil service. The FEPCA legislation had not, however, been implemented as planned and special pay systems had continued to develop apace. In an earlier bid to address the situation, the Commission had provided

for the use of special occupational pay rates in the common system, but that had not been considered by the organizations to be a viable option. It had therefore become important to find a way of properly reflecting the United States special pay systems in the margin. Under the former measurement procedure, the effort of those systems had been obliterated by the largest and lowest-paid system, the General Schedule. The revised procedure corrected that anomaly. Those and other technical refinements to margin measurement approved by the Commission had lowered the margin, but they were not directed at achieving a particular margin figure.

24. The reference studies with international organizations had shown that United Nations system compensation lagged significantly behind that of the World Bank and OECD. Although the Commission was not recommending the use of either of those organizations as a comparator, gaps of such magnitude could not be brushed aside. A strong body of opinion in the Commission supported recognition of some of the additional shortfall in competitiveness signalled by those diverse indicators. Others did not share that view. The conclusions reached had been a compromise between the two schools of thought and involved bringing the level of the margin to the desirable mid-point of the range in order to reflect some of the shortfall.

25. Some might consider that the recommendations did not go far enough and others that they went too far. ICSC considered them to be reasonable. Approval of the proposals would go some way towards restoring the competitive edge of the United Nations system. At a time when the largest organization in the system was commemorating its fiftieth anniversary and many Heads of State and Government had taken that opportunity to call for a revitalized United Nations, there should be no compromise on quality in the workforce.

26. With regard to the financial implications of the Commission's recommendations (A/50/30, para. 267), he said that, while efficiency measures were the responsibility of management and not of ICSC, the Commission strongly believed that improvements in conditions of service should be accompanied by improvements in performance. The downward spiral of frustration and loss of morale, resulting in a loss of performance, which in turn led to diminished support by Member States, must be reversed so that the system had the highly motivated workforce necessary to face its new challenges. He stressed that all the ICSC studies in that area had been conducted in strict compliance with approved methodologies and be offered to provide any additional explanations required.

27. With regard to the consultative process in the Commission, he noted that reviews by ICSC of its processes and working methods had been more or less ongoing since the mid-1980s and had led to a number of reforms aimed at enhancing transparency. During the current period, ICSC had undertaken, or committed itself to undertake, a large number of substantial improvements, including changes to streamline the process of ICSC sessions in line with the biennialization arrangements of the Fifth Committee. While he acknowledged that it was for the Member States to decide whether they wished to retain ICSC in its current form, it was the Commission's firm view, based on 20 years' experience, that to transform ICSC into a body representing interest groups would harm, and not improve, the consultative process. In view of the heavy responsibilities

faced by the Commission, it was essential that its members should be highly qualified and independent and have no vested interests.

28. In 1995, ICSC had, in accordance with the wishes of the staff representatives, initiated a review of the revised General Service salary survey methodology. The initial review had been conducted in a very positive atmosphere and a final review would be undertaken on completion of the current round of headquarters surveys. With regard to the Commission's investigation of cost-of-living relativities in Geneva (A/50/30, para. 319), he noted that the Commission had set up a Working Group on the operation of the post adjustment system, to examine ways of improving the functioning of that system.

29. On the question of post adjustment, he conceded that the revised procedure for updating the post adjustment index had led to a slight understatement of post adjustment indices and said that, following a detailed analysis of the situation, the Commission had taken corrective action regarding the treatment of pension contributions in time-to-time adjustments of those indices.

30. Finally, he said that ICSC always welcomed constructive criticism and tried to respond to it. As an independent body, it was bound, on occasion, to displease one or other of the parties involved and, accordingly, its actions could be misinterpreted. The Commission had made progress, although not perhaps as much as it would have liked and he hoped that, given the necessary commitment to making the system work - which should come not from ICSC alone - it would achieve better results in the performance of its mandate to uphold, strengthen and streamline the common system.

31. Mr. Abelian (Armenia), Vice-Chairman, took the Chair.

32. Mr. ANDEMICAEL (International Atomic Energy Agency), speaking on behalf of the Director General of the International Atomic Energy Agency (IAEA), said that IAEA was a member of the United Nations common system and, as such, the decisions of the Fifth Committee and the General Assembly regarding the common system and conditions of employment had a direct impact on its ability to recruit and retain staff of a high calibre. Like several other agencies away from New York, IAEA was increasingly concerned that the common system did not respond to its specific problems. That shortcoming had been implicitly recognized by the General Assembly, which, in resolution 46/191, had called upon ICSC to enhance its responsiveness within the common system to the concerns and needs of the different organizations. The United Nations system was not designed to be monolithic; IAEA and each of the specialized agencies had their own mandates, programmes and financial and human resources. In determining conditions of employment, however, relatively little account was taken of that diversity. The understanding of the needs of the technical agencies, especially those away from New York, could be improved by the appointment to ICSC of some members selected from among the governing bodies of those agencies, as advocated by ACC.

33. The Agency supported the suggestion of ACC that in future three members of the Commission should be appointed by the General Assembly from a list of at least six candidates put forward by the staff bodies. If a tripartite mechanism were also put in place, the future composition of the Commission would meet both

the need for competence and the need for familiarity with the problems of the common system.

34. On the question of remuneration, IAEA was aware of the financial constraints facing most Member States at home. Like many other organizations in the United Nations system, IAEA had experienced a decade of severe budgetary constraints while having to meet important new challenges, such as the development, after the Chernobyl accident, of new international conventions and services relating to nuclear safety and radiation protection and, after the discoveries in Iraq, the strengthening of safeguards system to detect clandestine nuclear installations. Those challenges had been met through the extrabudgetary resources contributed by member Governments, the continuous efforts to improve efficiency, and the loyalty, skill, creativity and versatility of the Agency's staff.

35. There was no direct link between remuneration and productivity. For most staff members, working in the multicultural environment of IAEA was personally rewarding and represented a useful contribution to nuclear safety throughout the world. Nevertheless, it was often difficult to live in a foreign culture. Moreover, despite the attraction, frequent travel placed a burden on the family life of staff members. Another feature of IAEA was the policy of rotation of staff through the recruitment of experts for a maximum period of five to seven years, which was designed to provide a continuous influx of talents fresh from research laboratories, nuclear installations and other institutions. National experts, however, often experienced difficulties in finding work on their return to their countries, or were not granted the requisite leave of absence. Recruitment for a shorter period would be easier, but would not be satisfactory to IAEA.

36. The current system of remuneration no longer met the requirements of a highly specialized work force and did not provide sufficient incentive to entice a large enough number of specialists with the necessary qualifications to interrupt their national careers to serve abroad for a limited period of time. In Vienna, for example, the salary of a General Service staff member at the top of the scale was equal to that of a Professional officer at the P-3, step 5 level; that gave rise to serious problems of equity, equality and staff morale. Indeed, many candidates refrained from applying for jobs at IAEA because they were offered better conditions elsewhere.

37. The system-wide response to such problems had been slow. An impressive number of technical studies had been produced but no action had resulted. The findings of ICSC had confirmed the Agency's experience that the remuneration system of the United Nations was uncompetitive vis-à-vis OECD and the World Bank and that at least one national civil service was better paid than the current comparator. The Agency welcomed the recommendation of ICSC for a two-stage salary increase in 1996, which would bring United Nations remuneration into the middle of the margin range approved by the General Assembly. Such a step, however, must be complemented by a longer-term strategy for restoring competitiveness, as proposed by ACC. Unless organizations were able to recruit Professional staff of the required high calibre from anywhere in the world - which could only be done if remuneration was internationally competitive - it would be hard for them to achieve the continuous improvement in quality and

efficiency that was rightly sought by the secretariats of United Nations organizations.

38. Mr. [illegible] (President of the Coordinating Committee for International Staff Unions and Associations of the United Nations System) said that the ICSC recommendations on Professional remuneration were the outcome of a long and frustrating process during which the Commission had abdicated its mandated responsibilities, rendering it impossible for CCISUA to continue its participation in the Commission's work. The main reason for the withdrawal of CCISUA was not, as had sometimes been intimated, the failure of the Commission to yield to the requests of the staff representatives, but its refusal to fulfil its statutory obligations. Since those reasons, which had been detailed in the statement by the representative of CCISUA to the Commission and in a letter to the Chairman of ICSC, had been omitted from the Commission's report, the texts in question had been circulated separately in document A/C.5/50/5.

39. The Commission's politically motivated refusal to recommend a change of comparator was tantamount to reneging on its technical mandate and had allowed the views of a minority of its members to prevail. That approach had been all the more regrettable given the Commission's six-year delay in carrying out a study of the best paid national civil service. In addition, the ICSC recommendations were being considered in the context of the Organization's recurrent financial crisis and he noted, in that regard, that, while many national civil service salaries were handsomely keeping pace with cost-of-living adjustments, United Nations remuneration had been frozen and its staff members had lost at least 18 per cent of their purchasing power.

40. He regretted that the problems between the Commission and all its mandated interlocutors had not been solved. Predictably, the main ICSC proposal on its functioning was purely procedural: not only was it unlikely to improve the functioning of the Commission, it would probably lead to increased costs.

41. CCISUA maintained that the issue of the reform, or replacement, of ICSC should be addressed by the Fifth Committee, and not by the Commission itself. Any arrangements for the Commission's improvement or replacement should ensure that its operation - including the operation of its secretariat - was thoroughly transparent to all parties. To that end, meetings should be open and all documentation should be subject to general distribution; that would provide a system of checks and balances which was currently not available and ensure an openness comparable with arrangements in the current comparator. In addition, a reformed Commission or its replacement must be a truly technical body, set up for the preparation of technical recommendations to the General Assembly, which would then take the financial and political decisions.

42. If the Commission were to be retained in its current form, at least one third of its members should be high-ranking officers from national statistical offices with a solid background in international cost-of-living comparisons and remuneration issues. Only such an arrangement would allow for proper treatment of the complex problems facing the common system. He pointed out that, if the General Assembly's decisions were to be determined purely on the basis of financial considerations, there was no need for such a costly mechanism, which served merely political purposes.

43. Since the Commission had abdicated its mandated responsibilities and succumbed to political pressure, CCISUA considered that it was no longer viable, and therefore requested the General Assembly to place a moratorium on the consideration of pensionable remuneration issues, scheduled for 1996, until the question of the consultative process had been resolved.

44. He noted that, while the Commission had confirmed its traditional interpretation of the Noblemaire principle, it had still failed to recommend a change of comparator, even though the nationals of Member States with high standards of living were receiving supplementary payments. He wondered whether the current system had a pay policy based on any but purely financial considerations.

45. The underlying problem was, however, much larger than the question of the existence or demise of the ICSC and had to do with commitment to the Organization and its goals. An organization which was constantly afflicted by financial problems and in which staffing policies were often determined by political pressure could hardly operate efficiently, no matter how much restructuring or retrenchment took place.

46. In that context, he stressed the need to proceed with caution in the restructuring of any parts of the common system, anywhere in the world. The staff was fully committed to attaining the Organization's goals. At the same time, they expected fairness and equity across the system and looked to the Secretary-General and ACC for guidance and to Member States for answers to those issues which could only be addressed in the Fifth Committee. CCISUA hoped that the General Assembly would adopt decisions that would enable the staff to reconsider the issue of participation in the process dealing with the conditions of service in the common system organizations.

47. Mr. DIXON (President of the Federation of International Civil Servants' Associations) said that, in response to the General Assembly's request, in resolution 49/223, that the staff bodies, the organizations and the Commission should review with all urgency how the consultative process of the Commission could best be furthered, the Federation of International Civil Servants' Associations (FICSA) had proposed the formulation of a binding negotiated agreement arrived at by consensus through a tripartite mechanism. The mechanism would consist of 21 members, seven of whom would be elected or appointed by the governing bodies; of those seven members, three would be from the General Assembly of the United Nations and four from the governing bodies of the specialized agencies in rotation. Seven members would be appointed by the administrations, three of them by administrations reporting directly to the General Assembly while four would be appointed by the administrations of the specialized agencies, also on a rotating basis. Seven members would be elected by the staff bodies on the basis of proportional representation, using the annual personnel statistics of the Consultative Committee on Administrative Questions (CCAQ). Any final decision on major compensation issues would continue to be made by the governing bodies of the common system. The secretariat of ICSC would be replaced by a smaller technical bureau that would reflect the tripartite nature of the new mechanism.

48. While FICSA recognized that its proposal represented a radical change from the current structure of the Commission, it believed that minor changes would not be sufficient, since in its current form the Commission was too unresponsive, too political and too expensive.

49. The revised General Service salary survey methodology continued to yield unacceptable results for the staff. The Federation denounced the manner in which the surveys were carried out by the Commission and the way in which the results of the Geneva survey had been unilaterally promulgated by one agency without any prior consultation with the other agencies at that duty station. The Federation was also dissatisfied with the part of the ICSC annual report dealing with the Geneva survey, which stated that staff representatives had threatened to make public any anomalous situations contained in the survey, thus breaching the confidentiality of the data provided by the participating employers. While it was true that the staff representatives had contacted the external employers to dissuade them from participating in a badly organized survey, at the same time they had informed the employers that an appeal had already been launched and that any unfavourable results would lead to an additional appeal, during the course of which the data and results would have to be discussed, thereby laying any anomaly open to public scrutiny.

50. The Chairman of ICSC had considered the Federation's action to be tantamount to an obstruction of the Commission's work and a serious breach of the code of conduct governing international civil servants. His recommendation had been implemented by the United Nations Administration in New York in the form of the reprimand of a Geneva staff representative and a request to the Executive Heads of Geneva-based agencies to do the same.

51. The Federation considered those actions to be a blatant violation of the right of association of its constituents. Independent staff representation was an inalienable right inscribed in the various instruments of the United Nations and in the conventions and resolutions of the International Labour Organization. The Commission's interference in, and micro-management of, each organization of the common system was a violation of its mandate.

52. The Federation had earlier submitted to the Secretary-General a resolution requesting a 25 per cent across-the-board increase in Professional salaries throughout the common system. Despite the current financial crisis, such a request was justified by hard evidence and by the need to restore the competitiveness of the common system and its specialized agencies. It was ironic that the Commission itself had concluded that World Bank salaries were 50 per cent higher than those of its counterparts in the United Nations common system.

53. In any event, FICSA was of the opinion that place-to-place surveys, the review of pensionable remuneration and the remaining General Service salary surveys should be suspended until the question of the consultative process had been settled. The Commission no longer enjoyed the support or confidence of any of its partners because it had become politicized and was no longer a technical body.

54. In 1993, ICSC had induced the Fifth Committee, through misleading statements, to adopt a resolution mandating it to ensure that the Geneva post adjustment would reflect to some extent the cost of living in neighbouring areas of France. The Commission had been unable to fulfil the Committee's mandate. Its task was to make recommendations to the General Assembly on the broad principles for the determination of the conditions of service of staff, but it was instead now requesting guidance from the General Assembly. The Federation believed that any decision to modify the Bern, Geneva, Lausanne and Zurich post adjustments would constitute a serious technical breach of the post adjustment methodology.

55. Far too many of the Federation's constituents faced the grim prospect of being laid off at very short notice, the innocent victims of the domestic policies of one major donor country. The Federation could not accept that staff members who had served their organizations loyally for many years should thus be left out in the cold. While the staff were willing to continue their cooperation in management reforms, there was a limit. That limit had been reached in Geneva on 9 November 1995, when more than 2,000 international civil servants had demonstrated against the politicization of the common system, the politically inspired budget cuts and the delays in paying contributions on the part of a single Member State. The demonstrators had also asked for the immediate abolition of ICSC and firmly intended to strike if the General Assembly accepted the totality of the recommendations contained in the annual report of ICSC.

56. The staff of the specialized agencies and technical programmes saw their destiny as being fundamentally different from that of "big brother" in New York. They could no longer tolerate a system that dictated policies that were detrimental to their well-being and were imposed by powers that barely acknowledged their existence. There were only two solutions: one would be for the current system to be radically changed so as to incorporate the specialized agencies as major players in determining conditions of service for the staff; the other would be to allow the staff of the specialized agencies and technical programmes to develop their own system so that they could get on with the important tasks that needed to be addressed urgently.

57. Mr. DEINEKO (Russian Federation), referring to the Commission's proposals on an increase in the remuneration of staff in the Professional and higher categories, said that his delegation had difficulty in accepting the recommendations, not only because they had unprecedented financial implications, but also because there was no sound justification for such an increase. When deciding on the issue, the Committee should pay particular attention to three points.

58. First, while the proposed salary increase appeared to be in conformity with the methodology, that was due not to any change in the common system relative conditions of service, but to alterations in the methodology itself, made with the sole purpose of reducing the net remuneration margin. Thus, although the General Assembly had approved all increases recommended by ICSC since 1991, the margin had dropped by more than 13 per cent over the same period. The only

development reported by ICSC in 1995 had been a 3.22 per cent increase in United States federal civil service gross salaries, which had narrowed the margin from 113 to approximately 110, a figure which remained within the range approved by the General Assembly.

59. The additional drop of more than 4 per cent in the margin, bringing it below the range, had been due to changes in the calculation methodology introduced by ICSC in 1995. Most significant among those numerous innovations, of which the General Assembly had not yet been apprised, was the decision to reduce the dominance of the comparator's General Schedule by attaching equal weight to several United States federal civil service pay systems, irrespective of the number of employees in each of those systems. His delegation considered that decision unjustified, since it linked the basic level of remuneration in the common system to non-representative remuneration levels in selected subsectors of the United States federal civil service. The Fifth Committee should be entirely consistent in its approach, and its decision-making process should not be based on such a dubious premise.

60. Second, his delegation remained unconvinced that the United Nations was not a competitive employer. Recalling the Commission's finding in 1994 that the difficulties at certain grade levels in respect of some occupations and nationalities had not convincingly demonstrated that the retention and recruitment problems in the common system were widespread or acute, he pointed out that his delegation's assessment of the competitiveness of the common system remuneration was shared by the overwhelming majority of United Nations staff members themselves. Of a total number of 4,252 employees questioned in the world-wide survey prepared for the fiftieth anniversary of the United Nations, only 3.5 per cent had expressed the view that the level of remuneration was an impediment to the recruitment of the most qualified candidates.

61. Third, the United States federal civil service remained the United Nations comparator and no change in the comparator had been recommended by the Commission. Any references to other potential comparators were therefore totally unacceptable and, in his delegation's view, constituted a first step towards the dangerous precedent of using a basket of comparators.

62. It was therefore evident that there was no urgent need for a remuneration increase for the Professional staff: the recommendation that the mid-point of 115 should be restored was flawed. It should be recalled that the mid-point had been suspended when its application had threatened a salary freeze. Yet, at the forty-ninth session, when the General Assembly had noted that the margin was below the mid-point, it had not taken corrective action. Moreover, the way in which the Commission proposed to increase the margin to 115 was suspect: for example, the proposal to increase the base/floor salary scale without an equivalent consolidation of post adjustment was unprecedented, as was the absurd recommendation on the scaling-forward of post adjustment indices. The latter recommendation contradicted the very idea of post adjustment, which was meant to compensate for differences in cost of living at various duty stations.

63. The proposal that the increase in remuneration should be split into two parts reflected indirect recognition by the Commission that its recommended increase was excessive. If it was granted exclusively through base salaries, it

would move the United Nations base/floor salary scale away from that of the comparator, and lead to increases in already unacceptably generous allowances. His delegation was also opposed to the rigid linkage of the mobility and hardship matrix to the base scale.

64. In the general context of the financial crisis and cost-cutting efforts, the only proposal that his delegation could accept would be the adjustment of salaries exclusively within the framework of the existing methodology, reflecting only actual changes during the year, namely the 3.22 per cent increase in the comparator gross remuneration granted in January 1995. The appropriate net scale increase of 3.1 per cent should be implemented through a consolidation of post adjustment.

65. His delegation supported the Commission's recommendation regarding the continued application of the Noblemaire principle, which should be based exclusively on the highest paid national civil service. Interpretation of the principle was, however, excessively generous. While he did not exclude the possibility of a change in the comparator, until it happened it was important to follow all aspects of the existing methodology. As for a possible reform of ICSC, his delegation agreed with the findings of the Commission and did not support the idea of turning it into a tripartite body.

66. While his delegation welcomed measures to strengthen cooperation with organizations and staff, it believed that caution was needed so as not to send the wrong signals to the Commission's interlocutors. The request for a review of the Commission's consultative process had been misinterpreted by the staff bodies, which had decided to withdraw from participation in the Commission's deliberations. Measures should be considered to protect ICSC from external pressure. Lastly, he stated that he had been surprised by both the form and the content of the statements by the staff representatives concerning ICSC, which was an intergovernmental body.

67. Mr. MUÑOZ (Spain), speaking on behalf of the European Union, said that Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania and Slovakia also associated themselves with his statement. The staff represented an important asset. A motivated, competent, efficient, responsible and accountable staff team constituted the basis for the proper functioning of the organization and for achieving its objectives. The common system was of capital importance, since it offered advantages to participating organizations by establishing a reference framework that promoted coherence within the system.

68. Member States should ensure that working conditions for the staff were competitive, taking into account the principles established in Article 101 of the Charter to ensure that the highest standards of efficiency, competence and integrity were respected.

69. The European Union attached great importance to the Noblemaire principle as a basis for the remuneration of the professional staff. He appreciated the progress made in the study to identify the highest paid national civil service, but regretted that the Commission was still not in a position to present the results of the study. It was important for any remaining obstacles to the

identification of potential comparators to be overcome in the interest of more adequate application of the Noblemaire principle, since failure to do so might lead to practical difficulties for the functioning of the common system. The European Union expected to see results before the start of the fifty-first session.

70. With regard to ICSC itself, it should be borne in mind that it was an organ of independent experts and that its members should not seek or receive instructions from Governments, organizations or staff associations. The technical character of the Commission must be maintained through the election of technical experts who were not subject to any political influence. In that context, the European Union was aware of the criticisms against ICSC.

71. With regard to the request by the General Assembly that the consultative process of the Commission should be reviewed, he said that, if it was not possible to agree on how it should be improved or if neither the organs representing the staff and the organizations nor the Member States found the Commission's recommendations acceptable, then the European Union would be willing to review innovative formulas for the consultative process.

72. The European Union wished to receive further information on the use of another civil service as a comparator, and on the change in the methodology which had been implemented in carrying out comparisons with the United States system and its relationship to the margin. They also believed that less costly forms of performing cost-of-living studies, including the possibility of outsourcing, should be examined, with a view to achieving savings without affecting the quality of the studies.

73. The European Union had long supported the Noblemaire principle, in view of the need to ensure the competitiveness of conditions of service in the United Nations system. While there might be different views on appropriate salary levels, it could not accept that conditions of service should be influenced by the non-payment by some Member States of their mandatory contributions. Fair and technically sound decisions which respected the principles established in Articles 100 and 101 of the Charter must be taken on the recommendations of ICSC.

74. Mr. BRISEID (Norway) said that, while there was broad agreement that the common system had served the United Nations well and should be kept, the system could not function unless there was respect for certain basic principles. First, the system must be competitive so as to make it possible for the United Nations to attract highly qualified employees capable of meeting the new challenges facing the Organization. That was not the case at the present. Remuneration for United Nations Professional staff was falling behind in comparison with that of staff at regional organizations such as OECD and global organizations such as the Bretton Woods institutions. Second, once the methodology for the calculation of adjustments in salaries, allowances and pensions had been established, ICSC should apply those principles consistently in a purely technical fashion, while Member States should fully respect the expert nature of the Commission and ensure that its members contributed to the Commission's expertise. Third, the common system could not be static, but must be revised and modernized regularly.

75. There was a need in the United Nations for improved performance management and enhanced cost-effectiveness, but that was not possible without highly professional staff and managers. There was an intimate link between reform and the quality of human resources in the Organization, and competitive conditions of service must be restored. The current uncertainties relating to the financial situation, as well as to conditions of service, must not be allowed to paralyse the important work of implementing United Nations mandated programmes.

76. In the short term, reform had a price, but in the longer term there were gains to be made. The ICSC recommendations could not be viewed in isolation from management and administrative reform. The necessary investment for a more efficient Organization must be made; that meant investing in human resources with a view to attracting and keeping qualified staff and setting apart financial resources for training programmes and career planning. His delegation was supportive of the remuneration increase proposed by ICSC.

77. Mr. PALIZ (Ecuador), speaking on behalf of the Rio Group, said that the technical and independent character of ICSC was fundamental and must be maintained and strengthened. The Committee would recall that the Commission had been established as a result of the 1974 recommendation of the Special Committee for the Review of the United Nations Salary System, calling for the establishment of an independent, technical advisory body. Clearly such a body, in the strict discharge of its mandate, might be subject to criticism; that did not, however, affect the need to maintain its impartiality and objectivity.

78. He welcomed efforts to improve the methods of work of the Commission, whose aim was to provide the Fifth Committee with technical options to facilitate the adoption of appropriate decisions. The proposals that it should be replaced by a negotiating forum would deprive the General Assembly of essential impartial technical advice. The Commission must continue to formulate proposals which, in its view, should be adopted by the General Assembly; it should not be influenced by the views of the parties concerned.

79. With regard to the application of the Noblemaire principle, he noted that comparisons had been made with the civil services of Germany and Switzerland and with other international organizations to determine the competitiveness of the United Nations common system. The conclusions reached by the Commission in that regard were technically correct. The acceptance of the Commission's proposals in full or in part must await the outcome of informal consultations.

80. He awaited with interest the recommendations of the Working Group (Secretariat) on the operation of the post-adjustment system which had been established with a view to the elimination of anomalies. The Commission should continue its work in that area so as to ensure greater transparency and fairness.

81. He trusted that the ICSC survey of the best prevailing conditions of employment would soon be completed, and that the changes needed in the current methodology would be identified.

82. The Rio Group regretted that the staff associations had suspended their participation in the deliberations of ICSC. While they might be dissatisfied

with some of the Commission's recommendations, that should not be an obstacle to the democratic consultative process. Without the input of the staff associations, the Commission could not be fully cognizant of all aspects of items of concern to the staff. The Rio Group therefore urged the staff associations to resume their participation in the work of the Commission for the benefit of all.

The meeting rose at 5.30 p.m